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KIWISAVER UPDATE

This superannuation scheme was approved by the Government Actuary on 05 July 2007 as a 'complying superannuation fund' (complying fund). The complying fund is the equivalent of a KiwiSaver fund.

This document updates significant changes have been made to KiwiSaver and therefore the complying fund since that time.

HOW DO I JOIN THE COMPLYING FUND?

Members need to make a written application to join the complying fund otherwise all your and the Employer's contributions will be placed in the regular section of the scheme. The form can be downloaded here. (<http://www.firesuper.co.nz/documents/complyfundapplicatnform13.pdf>)

COMPLYING FUND REQUIREMENTS

There are a number of requirements that apply only to the complying fund. **They are:**

- All contributions, including interest earned and the Government contribution, are 'locked-in' until the date on which you reach the New Zealand Superannuation qualification age – currently age 65 – or until you have been a Member of the complying fund for five years, whichever is the later date.
- You may make application to transfer funds from the complying fund to either a KiwiSaver or another complying fund provided you meet the requirements of the KiwiSaver Act and the rules of the new complying fund.
- Your accumulations in the complying fund shall be transferred to another KiwiSaver scheme if you cease to be eligible to be a Member of this scheme's complying fund or you may not remain a Member of this scheme for any reason.
- All contributions made to the complying fund vest in you, the Member, immediately the contribution is made.
- Any interest, or any future benefits that will become payable to the Member must not be assigned or charged or passed to any other person whether by way of security, operation of law, or any other means except if it is required by the provisions of any enactment including a Court Order.

- You must commit to continue to be a Member of the complying fund in accordance with Schedule 5 of the Trust Deed.
- All rights and benefits are limited by and subject to the complying fund rules.

CONDITIONS ON COMPLYING FUNDS

Members are advised the following provisions that apply to KiwiSaver schemes do not apply to this complying fund:

- The \$ 40.00 per annum subsidy towards administration paid by the Government.
- Withdrawal for the purpose of a first home.
- Withdrawal in cases of significant financial hardship – except in the case of the Canterbury earthquakes.
- Withdrawal or transfer to a foreign scheme in cases of permanent emigration.

Members wishing to view a copy of the Trust Deed setting out the complying fund requirements should click here. (<http://www.firesuper.co.nz/documents/TrustDeed2014-2.pdf>)

CONTRIBUTIONS AND TAX CREDITS

Contributions to the complying fund are set at a minimum of 3% with Members being permitted to contribute at 4% should they so wish.

The Fire Service Commission will contribute to your complying fund at 3% irrespective of whether you contribute at 3 or 4%.

The balance of both your Member and Employer accumulations that are not placed in the complying fund are placed in the regular section of the scheme.

As an example, if you are entitled to contribute to the scheme at 6% of your superable wages the Employer will contribute a total of 9.12% of your superable wages. Should you contribute to the complying fund at 3% the Employer will contribute at 3% and your remaining contributions of 3% and the Employer's remaining contributions of 6.12% will be placed in the regular section of the scheme automatically.

At this time you are not able to make voluntary contributions to the complying fund in excess of your complying fund contributions.

Contributions made to the complying fund give rise to a Government contribution to you of \$0.50 for each dollar you contribute up to a maximum of \$521.43 per year.

NEED TO CHANGE YOUR CONTRIBUTIONS TO THE COMPLYING FUND?

You are able to make application/s in writing to the Trustees to have a break from contributing to or to recommence contributions to the complying fund. The Trustees have a reasonably flexible discretion related to commencing and ceasing contributions to the complying fund and the number of and duration of contributions holidays. More information can be obtained by contacting the scheme Secretary on secty@firesuper.co.nz

Should you take a contributions holiday from the complying fund all your and the Employer contributions will be directed to the regular section of the scheme unless you have obtained approval from the Trustees in writing to reduce contributions to that section as well.

As with the regular section of the scheme New Zealand Fire Service Payroll is not able to make changes to contributions to the complying fund unless these changes have been approved by the Trustees in writing.

After you have completed the qualifying requirements – reached the New Zealand Superannuation qualification age, currently age 65, or you have been a Member of the complying fund for five years, whichever is the later date – you become entitled to a benefit from the complying fund.

COMPLYING FUND BENEFIT PAYMENT

In order to access this benefit you need to complete a Statutory Declaration. The form to make this Declaration is available from the scheme Secretary on secty@firesuper.co.nz

In a case of the 'Loss of Medical or Physical Fitness' you should be aware that the requirements of the complying fund may be different to those requirements for accumulations in the regular section of the scheme. Members who require information related to this are asked to contact the scheme Secretary on secty@firesuper.co.nz



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KIWISAVER HOMESTART GRANT SCHEME

Those who contribute to the complying fund are not eligible to withdraw funds from the complying fund for the purpose of purchasing their first home as would be the case if they were a member of a KiwiSaver scheme.

Housing New Zealand administers a HomeStart grant scheme on behalf of the Government. The details of the scheme are:

- After three years of regularly contributing to KiwiSaver (of at least the minimum allowable percentage of your total income) you may be entitled to the HomeStart grant.
- You can apply for the HomeStart grant or pre-approval if you have belonged and contributed to a KiwiSaver scheme, complying fund or exempt employer scheme for at least three years.
- If you are purchasing an existing/older home, the HomeStart grant is \$1,000 for each year of contribution to the scheme:
- 3 years of contributing = \$3,000 (the minimum you can get)
- 4 years of contributing = \$4,000
- 5 years of contributing = \$5,000 (the maximum you can get).
- If you are purchasing a new home, a property bought off the plans or land to build a new home on, the HomeStart grant is \$2,000 for each year of contribution to the scheme:
- 3 years of contributing = \$6,000 (the minimum you can get)
- 4 years of contributing = \$8,000
- 5 years of contributing = \$10,000 (the maximum you can get).
- If you are purchasing land to build a new home on, there is a maximum amount the combined land and new home can cost and there are other eligibility criteria to meet.
- A home which received its building code compliance certificate less than six months before Housing New Zealand receives a HomeStart application is considered a new

home. The certificate must relate to the home as a whole and not only some building work on the home. Buying a vacant residential section and planning to relocate an existing/older house on the site does not constitute a new build property and will only be eligible for a HomeStart grant of between \$3,000 - \$5,000.

- In cases of properties being bought off the plans, the HomeStart grant may be paid out prior to settlement to assist you with the initial payment or progress payment required as stated in the agreement you have entered into. In these cases, the grant must be held in trust, in escrow or similar arrangement, with payment to the developer only on settlement. Before signing any contract or agreement, you should always seek legal advice. If you are considering buying a property off the plans, it is highly recommended that you discuss this with your solicitor before signing the agreement. You will also need to ensure that there is a projected completion date stipulated on the contract and that the developer is aware that the HomeStart grant is to be held in trust or in escrow until settlement date.
- Please note that Housing New Zealand requires at least 4 weeks/20 working days from receiving an application through to paying out the HomeStart grant. Also, please ensure that, if you are applying for the grant in order to meet the financial conditions of your agreement for sale and purchase, you do so at least 10 working days prior to the unconditional date.
- Applications that do not provide the required four weeks' notice may not be accepted and therefore the HomeStart grant may not be paid out. The HomeStart grant will not be paid out after settlement has occurred.
- If you are looking for your first home but haven't yet found the right house, you can apply for pre-approval of your HomeStart application.
- If you live in the house you have bought for a

minimum of six months from settlement date or if you use the HomeStart grant to purchase land to build a house on, and live in that house for a minimum of six months from the issue of the code compliance certificate for that house, then the HomeStart grant does not need to be paid back. If you move out before the relevant six month period ends, you may be required to pay the HomeStart grant back, with interest.

- You can also buy a property with other people, who may or may not be KiwiSaver members. If they are members, you may all qualify for HomeStart grants. However, no more than \$10,000 worth of grants will be paid for the purchase of an existing/older property and no more than \$20,000 for a new home or for the purchase of land on which a home will be built.
- You can only receive the HomeStart grant or its predecessor, the KiwiSaver deposit subsidy, once.

Further details on the HomeStart grant scheme can be accessed by clicking here (<http://www.hnzc.co.nz/buying-a-house/KiwiSaver-helping-you-into-home-ownership/kiwisaver-homestart-grant>)

In this instance the Helpline is not able assist with information. Members should contact Housing New Zealand Corporation direct by e-mail on kiwisaver.enquiries@hnzc.co.nz or call them on **0508 935 266**.

Should you have any questions related to KiwiSaver or the complying fund use one of the addresses on the front page of this Supernews to make contact.



Barry Dent
SCHEME SECRETARY

